

INPUT[®]

Research

Bulletin

Route to:

A Publication from INPUT

IS Organization in the 1990s—Will It Exist?

For years INPUT has been researching and identifying shifts in the role and priorities of information systems and the senior IS executive. Over the past three years that research identified significant shifts resulting from the current revolutions in the industry and the explosion of information technology.

The impacts of these shifts are now being realized through such decisions as those made by Kodak, General Dynamics, and United Technologies regarding the outsourcing of their IS functions; manufacturers and banks hiring a single vendor to provide applications software, data, and network operations, and all maintenance; and IS executives saying publicly, "I don't ever want to manage a data center again."

However, a more fundamental question must be asked, "Should a separate IS organization exist at all in the 1990s?"

The IS organization has consistently grown in size, status, and cost over the last 30 years. It is now a fully recognized service unit reporting to the senior executives or, at a very high level, to a chief financial or administration officer.

A typical organization structure is shown in Exhibit 1. Various aggregations may be made

by geography or product line depending on the organization, but essentially the IS department is outside the operating units' control. It is almost always a cost center.

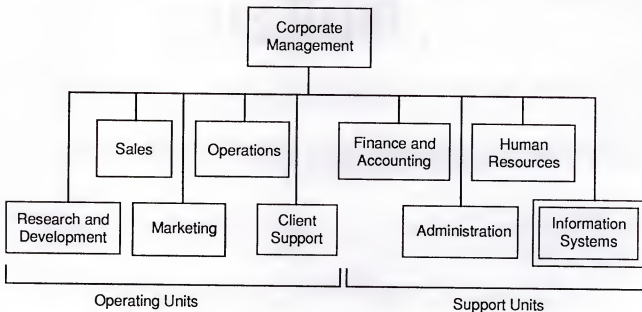
Yet in the 1980s, we consistently heard how important information systems were to the success of the organism as a whole. Concepts of "mission-critical systems," "systems for competitive advantage," etc., were introduced and adopted in large part by organizations. As executives in operating units come to believe these messages, they naturally seek more influence and control over "their" systems.

Another trend that became obvious in the 1980s was the increasing difficulty of separating computer systems from people systems. With network systems and more rapid information flow, the integration of people with their computer/communications support infrastructure has become symbiotic in operations as well as in development. Computer and communications systems by themselves accomplish nothing; they have to work with people to be effective.

A consequence of these two trends could well be the disappearance of the separate IS unit as we know it today, resulting in an organization structure depicted in Exhibit 2.

Exhibit 1

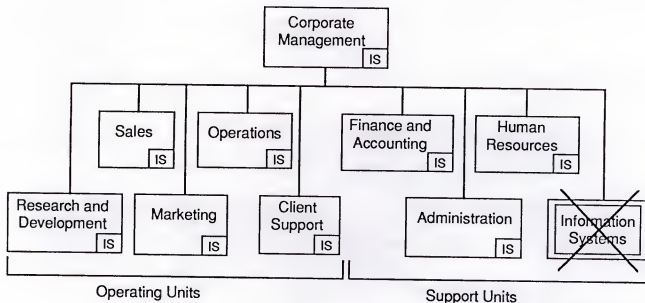
Organizational Position of IS Unit— Present



Source: INPUT

Exhibit 2

Organizational Position of IS Unit— Future



Source: INPUT

The impact of this reorientation is colossal. For one thing it totally changes the marketing and sales model vendors have built up. According to one piece of INPUT research one buying point may be replaced by up to 125 buying points.

Perhaps the key role of the IS unit if it survives is to enable the transition to happen. After all, it is impossible to change the state of IS overnight.

But in any event, the IS unit in the future will be significantly different as shown by Exhibit 3.

- Smaller, thus more flexible and responsive
- Expert-based, both in technology and the business
- Organized as consultants helping others to tap the benefits of information technology
- A promoter of information technology, not necessarily the implementer

The real job is to get the maximum benefit for the organization from information technology, both short and long term, by whatever means are available.

Exhibit 3

Future IS Unit Organizational Style

- Smaller
- Expert-based—technology and business
- Consulting style—information engineers and solution builders
- Marketers of technology

Source: INPUT

This Research Bulletin is published by INPUT.

If you have questions or comments on this bulletin, please call your local INPUT organization or INPUT, 1280 Villa Street, Mountain View, CA 94041-1194 (415) 961-3300

About INPUT

Since 1974, information technology (IT) users and vendors throughout the world have relied on INPUT for data, objective analysis, and insightful opinions to support their plans, market assessments and technology directions particularly in computer software and services. Clients make informed decisions more quickly and save on the cost of internal research by using INPUT's services.

Call us today to learn how your company can use INPUT's knowledge and experience to grow and profit in the revolutionary IT world of the 1990s.

Annual Subscription Programs

NORTH AMERICAN AND EUROPEAN MARKET ANALYSIS PROGRAMS

*Analysis of Information Services, Software, and Systems Maintenance Markets
5-year Forecasts, Competitive and Trend Analysis*

- 15 Vertical Markets
- 9 Categories of Software and Services
- 7 Cross-Industry Markets
- The Worldwide Market (30 countries)

EUROPEAN FOCUSED PROGRAMS

- Outsourcing (vendor and user)
- Downsizing (vendor and user)
- Systems Integration
- Network Management
- Customer Services

U.S. FOCUSED PROGRAMS

- Outsourcing (vendor and user)
- Downsizing (vendor and user)
- Systems Integration
- EDI and Electronic Commerce
- IT Vendor Analysis
- U.S. Federal Government IT Procurements

Custom Consulting

Many vendors leverage INPUT's proprietary data and industry knowledge by contracting for custom consulting projects to address questions about their specific market strategies, new product/service ideas, customer satisfaction levels, competitive positions and merger/acquisition options.

INPUT advises users on a variety of IT planning and implementation issues. Clients retain INPUT to assess the effectiveness of outsourcing their IT operations, assist in the vendor selection process and in contract negotiation/implementation. INPUT has also evaluated users' plans for systems and applications downsizing.

INPUT Worldwide

San Francisco — 1280 Villa Street
Mountain View, CA 94041-1194
Tel. (415) 961-3300 Fax (415) 961-3966

New York — 400 Frank W. Burr Blvd.
Teaneck, NJ 07666
Tel. (201) 801-0050 Fax (201) 801-0441

Washington, D.C. — 1953 Gallows Rd.,
Suite 560
Vienna, VA 22182
Tel. (703) 847-6870 Fax (703) 847-6872

London — 17 Hill Street
London W1X 7FB, England
Tel. +71 493-9335 Fax +71 629-0179

Paris — 24, avenue du Recteur Poincaré
75016 Paris, France
Tel. +1 46 47 65 65 Fax +1 46 47 69 50

Frankfurt — Sudetenstrasse 9
W-6306 Langgöns-Niederkleen, Germany
Tel. + 6447-7229 Fax +6447-7327

Tokyo — Saida Building, 4-6
Kanda Sakuma-cho, Chiyoda-ku, Tokyo 101, Japan
Tel. +3 3864-0531 Fax +3 3864-4114